

September 21, 2017

BY HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4592 - Fiscal Year 2017 Electric Infrastructure, Safety, and Reliability Plan
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

On behalf of National Grid,¹ I have enclosed the Company's responses to the Rhode Island Division of Public Utilities and Carriers' first set of data requests in the above-referenced docket.

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4592 Service List
LeoWold, Esq.
Steve Scialabba, Division
Al Contente, Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

September 21, 2017

Date

Docket No. 4592 National Grid's Electric Infrastructure, Safety and Reliability Plan FY 2017 - Service List as of 10/5/16

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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4592
In Re: Electric Infrastructure, Safety, and Reliability Plan FY2017
Responses to the Division's First Set of Data Requests
Issued on September 11, 2017

Division 1-1

Request:

Referring to Martinez testimony, page 3, lines 20-21, please provide a brief narrative explanation of the reasons for the decreased property tax recovery.

Response:

The Company estimated the fiscal year (FY) 2017 property tax recovery reflected in the Company's FY 2017 Electric Infrastructure, Safety and Reliability (ISR) Plan proposal using the actual effective property tax rate calculated for the FY 2015, which was applied to cumulative ISR Plan investment and used to determine an estimate of incremental property taxes on embedded net plant in service from the Company's last base distribution rate case. The actual amount of property taxes for FY 2017 for the Company's electric distribution operations was less than the projected amount of property taxes in the FY 2017 Electric ISR Plan proposal. This derived a much lower actual effective property tax rate than the rate used to estimate the property tax recovery amount in that proposal. The reason for the lower amount of actual property taxes than projected property taxes is that electric transmission property tax expense, which is apportioned for transmission billing purposes using gross transmission plant to total electric plant, has been increasing because of significant capital investment placed into service in recent years, primarily as a result of the New England East-West Solution (also known as NEEWS) project. The increased allocation to the transmission business is resulting in a decrease in the allocation to the distribution business.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4592
In Re: Electric Infrastructure, Safety, and Reliability Plan FY2017
Responses to the Division's First Set of Data Requests
Issued on September 11, 2017

Division 1-2

Request:

Referring to Martinez testimony, page 4, lines 6-8, will the taxable income that the Company is estimating it will earn in FY 2017 result in the usage of any net operating losses from 2016 and/or earlier years? If so, please quantify the expected usage of such NOLs and explain how such NOL usage was taken into account in the calculation of the ISR revenue requirements.

Response:

No. The Narragansett Electric Company's (the Company) standalone taxable income is offset by other National Grid affiliates' tax net operating losses (NOL) in the current year. The Company's NOL would not start to be utilized until National Grid's consolidated Federal income tax return is in a consolidated taxable position. For purposes of the Electric ISR, the Company's deferred taxes, net of NOLs, represents the Company's net cash benefit for tax deductions taken on National Grid's tax returns. The Company will not be paid for any portion of its NOL until the entire consolidated group starts using NOL carryforwards. This is forecasted to be in fiscal year 2020.